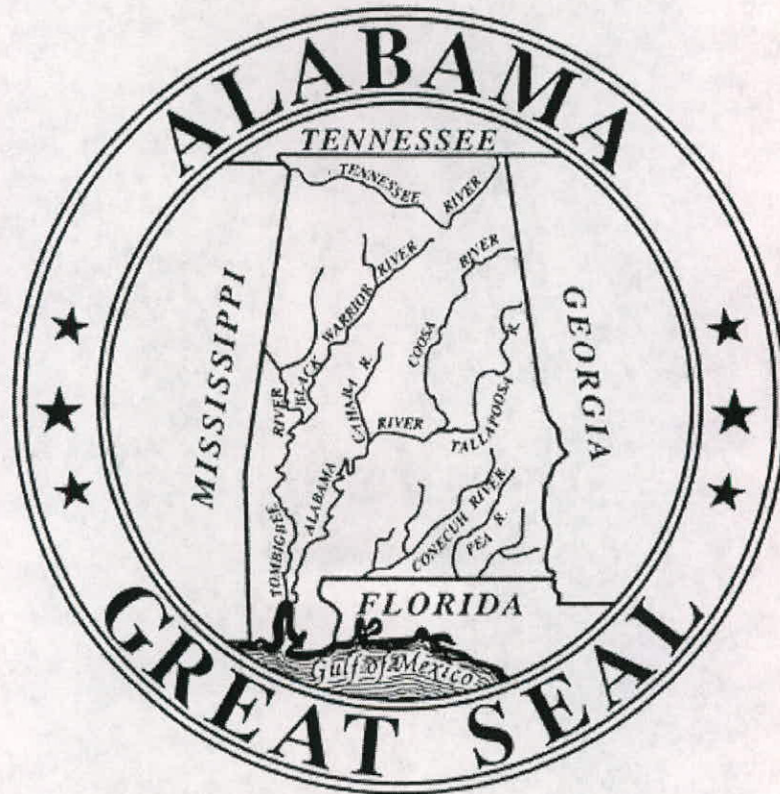


**Annual Report  
of the  
Alabama Prepaid Affordable  
College Tuition (PACT) Program**



**February 12, 2013**

*Submitted by the Office of the State Treasurer in  
accordance with Act 2010-725*

**Annual Report of the  
Alabama Prepaid Affordable College Tuition (PACT) Program  
February 12, 2013**

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- I. Summary
- II. Actuarial Report
- III. Board Demographics





## OFFICE OF STATE TREASURER

State Capitol, 600 Dexter Avenue, S-106  
Montgomery, Alabama 36104  
Phone: 334-242-7500 Fax: 334-242-7592  
[www.treasury.alabama.gov](http://www.treasury.alabama.gov)

**YOUNG BOOZER**  
TREASURER

**GLENDAL ALLRED**  
Deputy Treasurer

**DARIA STORY**  
Assistant Treasurer

February 12, 2013

TO: Governor Robert Bentley  
Lieutenant Governor Kay Ivey  
Speaker Mike Hubbard

RE: **Annual Report of PACT**

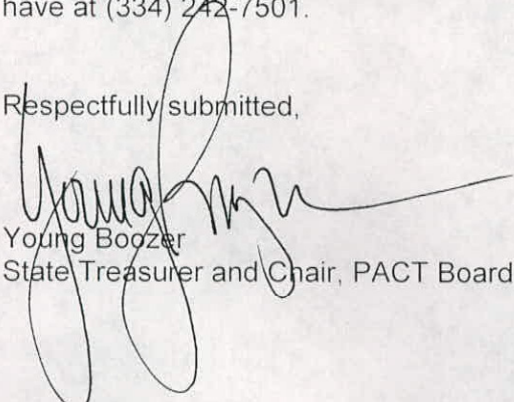
Act No. 2010-725 requires that the PACT Program prepare an annual report, including details regarding the actuarial soundness of the program, and transmit said report to the Governor, Lieutenant Governor and the Speaker of the House of Representatives.

On March 16, 2012, the Alabama Supreme Court issued a ruling that effectively voided the settlement negotiated by the PACT Board in April 2011. Under the settlement, all future tuition and mandatory fee payments would have been paid at the fall 2010 rates of Alabama public institutions, with contract holders responsible for paying the difference. The Legislature subsequently took action to address the issues cited in the Court's ruling, resulting in House Bill 603 being signed into law on April 12, 2012. The Supreme Court then remanded the case to the Montgomery County Circuit Court, which determined the law passed by the Legislature was constitutional. PACT still awaits a final ruling from the Supreme Court.

If the Supreme Court approves the settlement, the program will be actuarially sound. If the Supreme Court does not approve the settlement, the program will continue to be actuarially unsound.

This memorandum and the attached reports, including the actuarial report by Sherman Actuarial Services and PACT Board member demographics, constitute the required annual report. The annual audit of the PACT Program will be posted to the State Treasury website at [www.treasury.alabama.gov](http://www.treasury.alabama.gov) immediately upon completion. Please contact me with any questions you may have at (334) 242-7501.

Respectfully submitted,

  
Young Boozer  
State Treasurer and Chair, PACT Board of Trustees



CC: Rep. Jim Barton  
Rep. Jay Love  
Senate Pres. Pro Tem Del Marsh  
Sen. Arthur Orr  
Sen. Trip Pittman  
PACT Board members



**PACT**  
**ALABAMA'S PREPAID**  
**AFFORDABLE COLLEGE**  
**TUITION PROGRAM**

*September, 2012*  
**ACTUARIAL REPORT**



November 17, 2012

Board of Trustees  
Alabama's Prepaid Affordable College Tuition Trust Fund  
State Treasurer's Office  
Suite 660  
100 North Union Street  
Montgomery, Alabama 36130

To the Board:

The Wallace-Folsom College Savings Investment Plan Act provides that the Board of Trustees ("Board") shall obtain appropriate actuarial assistance to establish, maintain, and certify a fund sufficient to defray the obligation of the Alabama Prepaid Affordable College Tuition Trust Fund, and shall annually evaluate, or cause to be evaluated, the actuarial soundness of the PACT Trust Fund. The following pages summarize the actuarial valuation of the PACT Trust Fund performed by Sherman Actuarial Services as of September 30, 2012.

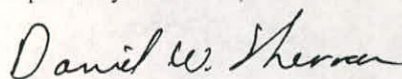
A comparison of the assets and liabilities of the PACT Trust Fund shows that as of September 30, 2012 there is a deficit of approximately \$605.5 million, which represents a funded ratio of 56.8%. This includes the future Education Trust Fund payments scheduled to begin in April of 2015.

The actuarial valuation was performed based upon generally accepted actuarial principles, and tests were performed as considered necessary to ensure the accuracy of the results. We certify that the amounts presented in the following pages have been appropriately determined according to the actuarial assumptions stated herein.

In our opinion, the methods and assumptions are reasonable for projecting the expected financial results of the PACT Trust Fund.

The methods, assumptions and data used in the actuarial evaluation of the PACT Trust Fund are described in the following pages. Daniel Sherman is an Associate of the Society of Actuaries. He is a Member of the American Academy of Actuaries and meets the Qualification Standards of the Academy to render the actuarial opinions contained herein. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions concerning it.

Respectfully submitted,



Daniel W. Sherman  
Associate of the Society of Actuaries  
Member, American Academy of Actuaries  
Enrolled Actuary Number 11-4086





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# *Executive Summary*



## ***EXECUTIVE SUMMARY***

### ***Funded Status***

As of September 30, 2012 the trust has a deficit of \$605.5 million (the value of assets, including the value of future payments by contract purchasers of approximately \$4.9 million and present value of future Education Trust Fund payments by the State of approximately \$479.4 million, is less than the expected liabilities of the trust). This represents a reduction of \$625.4 million from the surplus of \$19.9 million as of September 30, 2011. The funded ratio, assets divided by liabilities, decreased from 102.3% in 2011 to 56.8% in 2012.

The decrease in trust funded ratio was due to the substantial changes in the promised benefits due to the Supreme Court's reversal of the settlement of the Green lawsuit (Settlement). Prior to the modifications, it was expected that the Fund would not be depleted and that many beneficiaries would receive substantially the full value from the PACT program. Without the Settlement, the program is expected to be depleted in fiscal year end 2015.

Act 2010-725 provided for Education Trust Fund Payments to the PACT Trust Fund starting in April 2015. The total payment over 13 years is \$547.6 million. These payments increased the present value of assets by \$479.4 million.

The actuarial assumptions were modified based on the anticipated experience of the program. This includes the overturning of the Settlement by the Supreme Court of Alabama. Details of the changes are shown in Section 2.

Other than the Settlement, the two main factors that affect the funding status of PACT are the Investment Returns and the Tuition Increases. The affects of these factors are detailed as follows:

### ***Investment Return***

Assets performed better than expected during the 2012 fiscal year, returning 5.8% (net of investment management fees and fee income) versus the assumption of 2.0%. The result was an asset gain.



### *Tuition and Qualified Fees Increases*

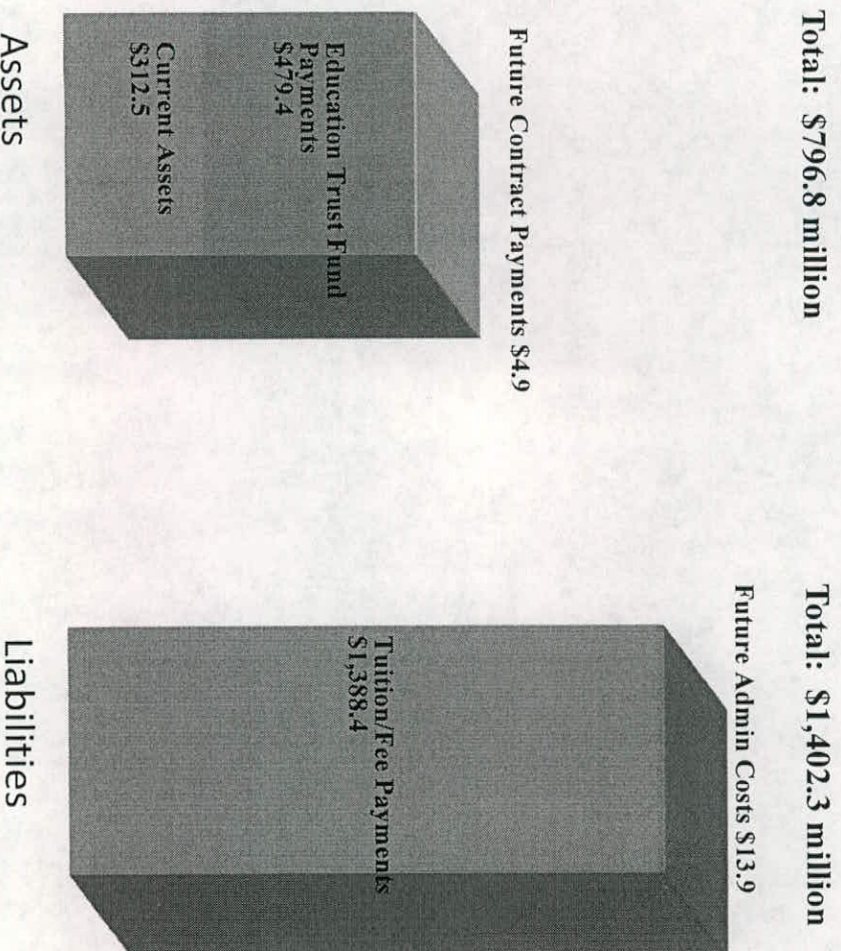
For the 2011 actuarial valuation, the expected tuition and qualified fees to be paid was based on the Fall 2010 tuition and fees, and the provisions of the Settlement. Due to the Supreme Court's decision to vacate the Settlement, the expected tuition and qualified fees to be paid was based on the Fall 2012 tuition and fees.

For 2012, we calculated a Weighted Average Tuition (WAT) for the in-state public school systems based on matriculations for the 2010-11 school year. The net result is a large reduction in the funded status of the program.



## Funded Status

The liabilities of the trust fund exceed the value of assets as of September 30, 2012 (including the value of future payments by contract purchasers as well as the Education Trust Fund Payments) by \$605.5 million. The funded ratio, assets divided by liabilities, is equal to 56.8%.

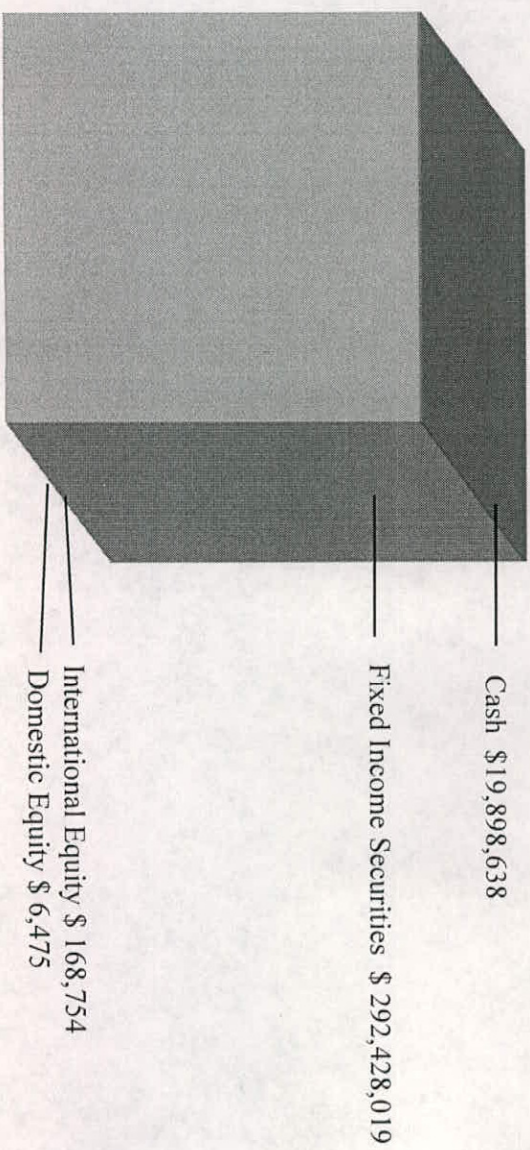




## Market Value of Invested Trust Assets

The investment return for the fiscal year ended September 30, 2012 was 5.8%. Assets as of September 30, 2012 were allocated as follows:

**Total: \$312,501,886**





# Active Contracts

The table below illustrates the total number of contracts sold less cancellations, expirations, graduations, and depletions, for each enrollment period.

Enrollment Year	Active Contracts	Enrollment Year	Active Contracts
1990	1,918	2000	2,012
1991	1,759	2001	2,668
1992	2,236	2002	2,712
1993	2,263	2003	1,513
1994	2,409	2004	1,084
1995	2,770	2005	689
1996	2,594	2006	274
1997	2,149	2007	675
1998	2,123	2008	538
1999	1,632	Total	34,489



# Contracts

Status	Number of Contracts
Total Sold	76,251
Cancelled or Transferred	-19,095
Depleted	-13,359
Expired	-2,582
Graduated	<u>-6,726</u>
Active	34,489



# *Valuation Assumptions And Methods*

## ACTUARIAL ASSUMPTIONS

The assumptions used in the actuarial valuation of the PACT Trust Fund are described below. In our opinion the actuarial assumptions are reasonable for projecting the expected financial results of the PACT Trust Fund.

### Tuition Increases

Both the new and prior assumption for Weighted Average Tuition (WAT) increases are shown in the tables below.

Fiscal Year Ending	9/30/2012 Valuation			
	University of Alabama and Auburn University	Other Alabama 4-year Universities	Community Colleges	Private/Out-of-State Universities
2014	10.00%	10.00%	5.00%	10.00%
2015	9.00%	9.00%	5.00%	9.00%
2016	8.00%	8.00%	5.00%	8.00%
2017+	8.00%	8.00%	5.00%	8.00%

Fiscal Year Ending	9/30/2011 Valuation – With Settlement			
	University of Alabama and Auburn University	Other Alabama 4-year Universities	Community Colleges	Private/Out-of-State Universities
2014	0.00%	0.00%	0.00%	0.00%
2015	0.00%	0.00%	0.00%	0.00%
2016	0.00%	0.00%	0.00%	0.00%
2017+	0.00%	0.00%	0.00%	0.00%



### Investment Return and Discount Rates

The actuarial valuation of the PACT Trust Fund was determined using the table of returns below. Note that these are expected rates of return based on analysis and discussions with Dahab. These rates are a change from the September 30, 2011 assumption, which is also shown below.

Fiscal Year Ending	Expected Rates of Return	
	9/30/2012 Valuation	9/30/2011 Valuation
2013	1.30%	2.00%
2014	1.30%	2.00%
2015	1.00%	2.00%
2016	1.40%	2.00%
2017	2.00%	2.00%

### Enrollment of PACT Beneficiaries

The assumed enrollment of PACT beneficiaries was unchanged for this valuation from that assumed as of September 30, 2011. A comparison of the rates that contract beneficiaries will matriculate is shown in the following table.

College Type	Percent Enrolled
Private/Out-of-State	17.00%
Community College	15.00%
University of Alabama and Auburn University	53.00%
Other Alabama Universities	15.00%
Total	100.00%

In addition, it was assumed that contract beneficiaries who enroll in a community college will transfer to a four-year university after two years.

### Contract Cancellations

The assumed cancellation of PACT contracts was unchanged from that assumed as of September 30, 2011. The actuarial valuation recognized cancellations in accordance with the following schedule:

Age 0 through 9th grade	0% per year
10th grade	1%
11th grade	1%
12th grade	1%



#### **Payment of Tuition and Qualified Fees**

The expected tuition and qualified fees to be paid was based on the Published Fall 2012 tuition and fees. For the 2011 actuarial valuation, tuition and qualified fees were based on the Fall 2010 tuition and fees as reported to PACT for PACT beneficiaries. This represents a large change in the basis of expected tuition and fee payments due to the nullification of the Green Settlement.

The tuition payment assumption was unchanged for this valuation at 128 credit hours. The actuarial valuation assumes that beneficiaries who matriculate will utilize 128 hours out of the maximum of either 128 or 135 hours of contract benefits. It is assumed that each beneficiary will use 13 hours of contract benefits per semester for the first eight semesters and 11 hours of contract benefits in the ninth semester starting after completion of the 12th grade.

Payment of tuition and qualified fees from the PACT Trust Fund is assumed to occur three times annually: 45% on November 15<sup>th</sup>, 45% on March 15<sup>th</sup>, and 10% on August 15<sup>th</sup>.

#### **Administrative Expenses**

For the 2012 actuarial valuation, a load of \$1,200,000 was included for administrative fees for future years until 2023. The load is lowered by \$100,000 per year for the next 3 years, then eliminated.

#### **Deaths and Disabilities**

Mortality and disability decrements were not used. This is the same assumption as previous valuations.



## **ACTUARIAL METHODS**

The actuarial valuation of the PACT Trust Fund is based on projections of the tuition and qualified fee amounts expected to be paid from the PACT Trust Fund to colleges and universities, and the expected amounts to be paid into the PACT Trust Fund by contract purchasers and Education Trust Fund. The actuarial valuation is based on the data summarized below which was obtained by the PACT office through the following sources:

- |   |   |
|---|---|
| ▪ Tuition/Fee Amounts at Four-Year Universities | University registrar and admission offices        |
| ▪ Headcount at Four-Year Universities           | Alabama Commission on Higher Education            |
| ▪ PACT Purchasers                               | PACT Records Administrator                        |
| ▪ Tuition/Fee Amounts at Community Colleges     | Community College registrar and admission offices |
| ▪ Headcount at Community Colleges               | Alabama Commission on Higher Education            |

### **Active Contracts (Appendix D)**

The future payments expected to be made to and from the PACT Trust Fund have been determined based on the number of contracts shown in Appendix D. This information reflects cancellations, expirations, graduations, and deletions that had occurred as of the valuation date.

### **Weighted Average Tuition: Four-Year Universities (Appendix F)**

The Weighted Average Tuition (WAT) for public four-year universities in Alabama is the average of the Fall 2012 tuition and qualified fees at each of the four-year universities, weighted by PACT semester hours paid to each university, college and technical school.

### **Weighted Average Tuition: Community Colleges (Appendix H)**

The Weighted Average Tuition (WAT) for community colleges was determined using the same methodology used in the determination of WAT for four-year universities.

### **Weighted Average Tuition: For Payment to Private and Out-of-State Four-Year Universities**

The Weighted Average Tuition (WAT) for public four-year universities in Alabama is the average of the Fall 2012 tuition and qualified fees at each of the four-year universities, weighted by total enrollment at each in-state four-year university and college.



# ***Contract Provisions***



## ***SUMMARY OF PRINCIPAL PROVISIONS OF THE PACT CONTRACT***

### **PACT Enrollment Periods**

Select periods from 1990 through 2008. The plan has been closed to new contracts since 2008.

### **Purchaser**

The purchaser of a PACT contract must be a person age 19 years or older, a corporation, trust, charitable organization, or any other entity if that entity is approved, in writing, by the State Treasurer.

### **Beneficiary**

A PACT contract was purchased for any individual who:

- had not attained age 18 as of the beginning of the enrollment period, and
- had not completed the 9th grade as of the beginning of the enrollment period.

### **Beneficiary Substitutions**

Contract benefits can be transferred to an eligible substitute beneficiary as long as there are 32 semester hours of tuition remaining. The substitute beneficiary must be a member of the immediate family of the original beneficiary.

### **Payment Plans**

Purchase of a PACT contract was made according to one of the following payment plans:

- Single Payment Plan: A single lump sum payment.
- 5-Year Installment Plan: Monthly payments for 60 months.
- Monthly Payment Plan: Continuous monthly payments until the June 1st preceding the beneficiary's projected college enrollment date.

### **Contract Benefits**

The PACT contract provides for payment of the amounts shown below. In general, PACT contract benefits must be used within ten years following the beneficiary's projected college enrollment date.

- payment of in-state tuition until the earlier of (i) the award of a baccalaureate degree or (ii) payments by the PACT Trust Fund have been made for 135 (128 for contracts sold after 2006) semester hours (or the academic equivalent units), and
- payment of qualified fees (those fees required as a condition of enrollment for all students) for not more than eight registrations on a semester system, twelve registrations on a quarter system, or the equivalent number of registrations on other academic bases.

### **Attendance at an Out-of-State or Private Institution**

If the beneficiary attends an out-of-state or private institution, an amount will be forwarded each academic term to the institution in which the beneficiary is enrolled based on the current average tuition value for non-Alabama/Auburn four-year universities. In no event will the amount forwarded to the institution be greater than the tuition and qualified fees charged by the institution.

### **Contract Cancellations**

An amount will be paid to the purchaser equal to the total of all contract payments made to the PACT Trust Fund, not including administrative fees, minus a cancellation fee and any contract benefit amounts that have been paid to a college or university.



# *Appendices*



# Funded Status

## Appendix A

a. Market Value of Assets	\$312,501,886
b. Actuarial present value of future payments expected to be made to the fund by contract purchasers	4,901,318
c. Actuarial present value of future expenses	(13,848,521)
d. Actuarial present value of future Education Trust Fund payments expected to be made to the fund by the State	<u>479,374,334</u>
e. Subtotal (a + b + c + d)	\$782,929,017
f. Actuarial present value of future payments expected to be made from the trust fund to universities for tuition and mandatory fees, and to purchasers upon contract cancellation	<u>1,388,440,353</u>
g. Reserve as of September 30, 2012 (e - f)	<u><u>(\$605,511,336)</u></u>



# Trust Assets

# Appendix B

<u>Invested Assets</u>	<u>Market Value</u>
Cash & Equivalents	\$19,686,753
Fixed Income Securities:	
Domestic	292,106,506
International	0
Equity Securities:	
Domestic	62,575
International	<u>646,052</u>
Total Assets	\$312,501,886

The above information was provided by the PACT office and Dahab.



# Cash Flow, Asset and Liability Projection

## Appendix C

(amounts are shown in \$1,000s)

Fiscal Year End	Contract Payments	Education Trust Fund	Payments Out of Trust Fund	Invested Assets	Liabilities End of Year
9/30/2012				\$ 312,500	\$ 1,385,455
9/30/2013	\$ 6,400	\$ 0	-66,300	254,500	1,319,497
9/30/2014	3,400	0	-142,400	116,400	1,194,579
9/30/2015	2,700	23,558	-145,900	- 4,100	1,064,419
9/30/2016	2,300	33,952	-149,500	-119,700	926,002
9/30/2017	1,900	42,622	-145,500	-225,700	794,201
9/30/2018	1,500	61,783	-130,700	-299,900	680,024
9/30/2019	1,100	55,539	-111,100	-362,400	583,092
9/30/2020	800	88,738	-108,200	-390,000	487,071
9/30/2021	600	31,882	-102,000	-469,500	395,266
9/30/2022	400	32,182	-94,900	-543,400	308,778
9/30/2023	200	33,494	-83,200	-605,600	232,203
9/30/2024	100	33,729	-69,000	-654,600	168,139
9/30/2025	100	38,450	-54,900	-685,400	116,865
9/30/2026	0	39,201	-42,100	-702,100	77,322
9/30/2027	0	32,500	-30,000	-713,700	49,000
9/30/2028	0	0	-22,200	-750,500	27,882
9/30/2029	0	0	-15,400	-781,100	13,074
9/30/2030	0	0	- 8,900	-805,700	4,514
9/30/2031	0	0	- 3,900	-825,800	683
9/30/2032	0	0	- 700	-843,000	0



# Active Contracts

# Appendix D

## All Enrollment Periods

Projected Enrollment Year	Number of Contracts	Percentage of Total	Projected Enrollment Year	Number of Contracts	Percentage of Total
1994 - 1995	0	0.0%	2011 - 2012	2,766	8.0%
1995 - 1996	0	0.0%	2012 - 2013	2,609	7.6%
1996 - 1997	0	0.0%	2013 - 2014	2,377	6.9%
1997 - 1998	0	0.0%	2014 - 2015	2,111	6.1%
1998 - 1999	0	0.0%	2015 - 2016	1,982	5.7%
1999 - 2000	0	0.0%	2016 - 2017	1,761	5.1%
2000 - 2001	3	0.0%	2017 - 2018	1,577	4.6%
2001 - 2002	4	0.0%	2018 - 2019	1,449	4.2%
2002 - 2003	5	0.0%	2019 - 2020	1,253	3.6%
2003 - 2004	701	2.0%	2020 - 2021	965	2.8%
2004 - 2005	821	2.4%	2021 - 2022	779	2.3%
2005 - 2006	983	2.9%	2022 - 2023	436	1.3%
2006 - 2007	1,238	3.6%	2023 - 2024	317	0.9%
2007 - 2008	1,655	4.8%	2024 - 2025	266	0.8%
2008 - 2009	2,327	6.7%	2025 - 2026	175	0.5%
2009 - 2010	2,957	8.6%	2026 - 2027	105	0.3%
2010 - 2011	2,846	8.3%	2027 - 2028	21	0.1%
			Totals:	34,489	100.0%



# PACT Beneficiaries

## Appendix E

### Matriculation Information: Four-Year Universities

Paid Dates 10/1/2011 - 9/30/2012

	Number of Enrollments	Semester Hours	Percentage of Total Hours	Fees Paid	Tuition Paid	Total Tuition and Fees Paid	Average Paid Per Semester Hour
Alabama A&M	69	817	0.35%	14,707	\$ 152,606.09	\$ 167,313.44	\$ 204.92
Alabama State	86	1,030	0.44%	27,151	\$ 192,731.00	\$ 219,881.50	\$ 213.48
Athens State	153	1,480	0.63%	16,738	\$ 196,431.60	\$ 213,170.07	\$ 144.03
Auburn University	8,263	71,925	30.74%	17,298	\$23,346,773.02	\$23,346,773.02	\$ 324.60
Auburn University - Montgomery	635	6,758	2.89%	17,298	\$ 1,611,224.50	\$ 1,628,522.14	\$ 240.99
Jacksonville State	710	8,104	3.46%		\$ 1,799,550.37	\$ 1,799,550.37	\$ 222.05
Troy University	2,074	11,757	5.03%	122,865	\$ 2,464,004.68	\$ 2,586,869.22	\$ 220.03
University of Alabama	8,980	77,538	33.14%	139	\$24,690,443.00	\$24,690,443.00	\$ 318.43
University of Alabama - Birmingham	2,540	20,341	8.69%		\$ 5,390,504.50	\$ 5,390,643.50	\$ 265.01
University of AL - Huntsville	660	7,142	3.05%		\$ 2,028,759.50	\$ 2,028,759.50	\$ 284.08
University of Montevallo	983	6,199	2.65%	35,748	\$ 1,451,797.16	\$ 1,487,545.00	\$ 239.95
University of North Alabama	686	8,021	3.43%	143,462	\$ 1,447,139.64	\$ 1,590,601.20	\$ 198.30
University of South Alabama	992	11,646	4.98%	168,141	\$ 2,132,452.94	\$ 2,300,594.31	\$ 197.55
University of West Alabama	100	1,186	0.51%	7,920	\$ 230,062.42	\$ 237,982.42	\$ 200.66
GRAND TOTAL	26,931	233,942	100.00%	\$ 554,168.27	\$67,134,480.42	\$67,688,648.69	\$ 289.34



# PACT Beneficiaries

# Appendix E

## Matriculation Information: Community and Technical Colleges

Paid Dates 10/1/2011 - 9/30/2012

	Number of Enrollments	Semester Hours	Percentage of Total Hours	Fees Paid	Tuition Paid	Total Tuition and Fees Paid	Average Paid Per Semester Hour
<i>Community Colleges</i>							
Alabama Southern	39	378	0.86%	7,467	32,096	39,563	104.66
Bevil	186	1,879	4.28%	29,586	146,336	175,922	93.63
Bishop	45	413	0.94%	6,471	31,852	38,322	92.79
Calhoun	784	6,359	14.48%	116,279	505,788	622,067	97.82
Central Alabama	79	862	1.96%	13,148	66,629	79,777	92.55
Chattahoochee	49	331	0.75%	5,534	24,090	29,624	89.50
Enterprise	139	1,287	2.93%	23,791	101,702	125,493	97.51
Faulkner	231	2,203	5.02%	45,536	186,932	232,468	105.52
Gadsden	559	2,677	6.09%	46,740	232,063	278,803	104.15
Jefferson Davis	30	302	0.69%	5,271	21,980	27,251	90.23
Jefferson State	1,569	7,177	16.34%	185,908	635,321	821,229	114.43
Lawson	138	738	1.68%	16,964	52,893	69,857	94.66
L.B. Wallace	125	827	1.88%	14,302	73,126	87,428	105.72
Marion Military Institute	5	89	0.20%	1,691	15,000	16,691	187.54
Northeast	106	552	1.26%	10,608	43,442	54,050	97.92
NW Shoals	175	1,115	2.54%	22,875	81,068	103,943	93.22
Shelton	639	4,095	9.32%	79,793	350,754	430,547	105.14
Sneed	235	1,498	3.41%	28,290	118,022	146,312	97.67
Southern Union	983	5,603	12.76%	98,229	458,482	556,711	99.36
Wallace-Dohman / Sparks	129	1,223	2.78%	21,047	88,648	109,695	89.69
Wallace-Hanceville	556	3,246	7.39%	69,605	282,467	352,072	108.46
Wallace-Selma	17	141	0.32%	2,280	10,262	12,542	88.95
Total Community Colleges	6,818	42,995	97.88%	851,414	3,558,951	4,410,366	102.58
<i>Technical Colleges</i>							
Ayers			0.00%				0.00
Drake	9	81	0.18%	703	5,240	5,943	73.37
J. F. Ingram State			0.00%				60.00
Reid	5	41	0.09%	610	3,401	4,011	84.00
Trenholm State Technical College	99	808	1.84%	12,282	70,994	83,276	103.06
Total Technical Colleges	113	930	2.12%	13,595	79,635	93,230	100.25
GRAND TOTAL	6,931	43,925	100.00%	865,009	3,638,587	4,503,596	102.53



# PACT Beneficiaries

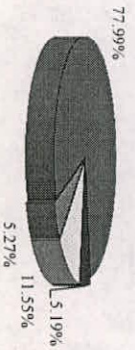
## Matriculation Information: Executive Summary

Paid Dates 10/1/2011 - 9/30/2012

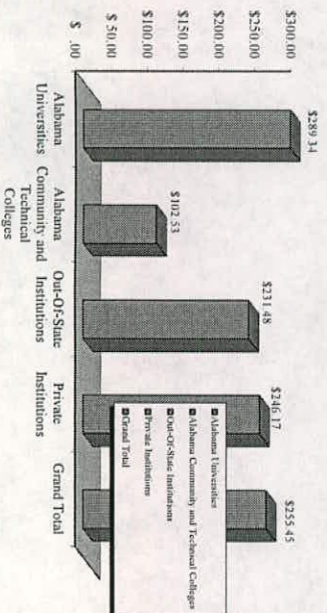
# Appendix E

	Number of Enrollments	Semester Hours	Percentage of Total Hours	Fees Paid	Tuition Paid	Total Tuition and Fees Paid	Average Paid Per Semester Hour
<i>Alabama Universities</i>							
Total Four-Year Alabama Universities	26,931	233,942	68.85%	\$ 554,168.27	\$67,134,480.42	\$67,688,648.69	\$289.34
<i>Alabama Community Colleges</i>							
Total Community Colleges	6,818	42,995	12.65%	\$ 851,414.32	\$ 3,558,951.24	\$ 4,410,365.56	\$102.58
Total Technical Colleges	113	930	0.27%	\$ 13,595.03	\$ 79,635.36	\$ 93,230.39	\$100.25
Total Alabama Community Colleges	6,931	43,925	12.93%	\$ 865,009.35	\$ 3,638,586.60	\$ 4,503,595.95	\$102.53
<i>Out-Of-State Institutions</i>							
Out-Of-State Community Colleges	225	2,056	0.61%	\$ 22,964.10	\$ 244,537.30	\$ 267,501.40	\$130.08
Out-Of-State Technical Colleges	90	1,106	0.33%	\$ 10,314.75	\$ 226,987.54	\$ 237,302.29	\$214.57
Out-Of-State Universities	2,703	34,708	10.22%	\$ 312,638.66	\$ 7,898,473.52	\$ 8,211,112.18	\$236.57
Out-Of-State Private Universities	413	5,436	1.60%	\$ 49,045.71	\$ 1,259,817.96	\$ 1,308,863.67	\$240.78
Total Out-Of-State Institutions	3,431	43,307	12.75%	\$ 394,963.22	\$ 9,629,816.32	\$10,024,779.54	\$231.48
<i>Private Institutions</i>							
Private Community Colleges	12	110	0.03%	\$ 1,184.85	\$ 26,683.95	\$ 27,868.80	\$254.12
Private Technical Colleges	57	427	0.13%	\$ 3,231.61	\$ 101,558.00	\$ 104,789.61	\$245.40
Private Senior Colleges	44	356	0.10%	\$ 3,276.94	\$ 82,490.05	\$ 85,766.99	\$241.13
Private Universities	1,319	17,702	5.21%	\$ 159,530.94	\$ 4,199,482.49	\$ 4,359,013.43	\$246.24
Total Private Institutions	1,432	18,595	5.47%	\$ 167,224.34	\$ 4,410,214.49	\$ 4,577,438.83	\$246.17
GRAND TOTAL	38,725	339,769	100.00%	\$1,981,365.18	\$84,813,097.83	\$86,794,463.01	\$255.45

## Total Tuition and Fee Payments



## Allocation Of Tuition and Fees





# **Weighted Average Tuition and Qualified Fees Four-Year Universities: Historical Summary Based on 15 Credit Hours per Semester**

## **Appendix F**

	Incr.	2007-08	Incr.	2008-09	Incr.	2009-10	Incr.	2010-11	Incr.	2011-12	Incr.	2012-13
Alabama A&M	11.9%	\$4,530	0.0%	\$4,530	15.3%	\$5,224	2.5%	\$5,352	31.1%	\$7,018	4.6%	\$7,342
Alabama State	12.5%	\$4,508	21.1%	5,460	0.0%	5,460	0.0%	\$5,460	31.2%	\$7,164	10.7%	\$7,932
Athens State	4.7%	\$4,050	0.0%	4,050	0.0%	4,050	0.0%	\$4,050	20.0%	\$4,860	9.9%	\$5,340
Auburn University	6.1%	\$5,836	11.4%	6,500	7.3%	6,972	13.3%	\$7,900	10.1%	\$8,698	8.6%	\$9,446
Auburn University - Montgomery	5.3%	\$4,990	11.4%	5,560	7.0%	5,950	9.1%	\$6,490	11.6%	\$7,240	7.9%	\$7,810
Jacksonville State	0.0%	\$5,070	12.4%	5,700	9.4%	6,240	2.5%	\$6,396	19.6%	\$7,650	3.9%	\$7,950
Troy University <1>	3.9%	\$4,264	31.0%	5,590	0.0%	5,590	2.5%	\$5,727	39.5%	\$7,990	6.8%	\$8,530
University of Alabama	8.0%	\$5,700	12.3%	6,400	9.4%	7,000	12.9%	\$7,900	8.9%	\$8,600	7.0%	\$9,200
University of AL - Birmingham	7.7%	4,658	11.6%	5,198	7.5%	5,588	28.4%	\$7,174	18.0%	\$8,464	-0.8%	\$8,400
University of AL - Huntsville	7.6%	5,216	14.1%	5,952	9.2%	6,510	15.1%	\$7,492	8.0%	\$8,094	8.6%	\$8,794
University of Montevallo	7.4%	\$6,000	5.0%	6,300	5.7%	6,600	2.9%	\$6,794	21.3%	\$8,240	9.1%	\$8,990
University of North Alabama	9.3%	\$4,740	10.1%	5,220	8.0%	5,640	2.3%	\$5,772	18.0%	\$6,810	8.4%	\$7,380
University of South Alabama	7.4%	\$4,500	8.7%	4,890	9.2%	5,340	2.5%	\$5,472	20.8%	\$6,612	20.2%	\$7,950
University of West Alabama	6.8%	\$4,228	14.2%	4,830	9.5%	5,290	9.5%	\$5,792	4.9%	\$6,078	5.3%	\$6,400
Weighted Average Tuition (WAT)	6.6%	\$5,015	13.0%	\$5,668	7.2%	\$6,076	9.9%	\$6,680	17.6%	\$7,857	6.9%	\$8,396



## Appendix G

G-1



# Settlement on June 1, 2013

# Appendix H

Current Assets	312,501,886
PV of Contractholder payments	20,894,076
PV of Education Trust Fund Payments	479,374,334
Administrative Expenses	-13,848,521
Total Assets	798,921,775

PV of Tuition payments 797,536,628

Surplus/ (Deficit) 1,385,148  
Funded Ratio 100.2%

(\$ Millions)

Fiscal Year	Benefit Payments	Contract Holder Payments	Education Trust Fund Payments	Admin Expenses	Income	EOY Assets
10/01/12						\$ 312.5
10/01/12 - 09/30/13	-\$ 66.8	\$ 6.4	\$ 0.0	-\$ 1.2	\$ 3.5	254.4
10/01/13 - 09/30/14	-113.1	3.4	0.0	-1.2	2.4	145.9
10/01/14 - 09/30/15	-106.0	2.7	23.6	-1.2	0.9	65.9
10/01/15 - 09/30/16	-100.2	2.3	34.0	-1.2	0.2	1.0
10/01/16 - 09/30/17	-90.3	1.9	42.6	-1.2	-0.7	-46.7
10/01/17 - 09/30/18	-75.2	1.5	61.8	-1.2	-1.3	-61.1
10/01/18 - 09/30/19	-59.3	1.1	55.5	-1.2	-1.3	-66.3
10/01/19 - 09/30/20	-53.5	0.8	88.7	-1.2	-1.1	-32.6
10/01/20 - 09/30/21	-46.7	0.6	31.9	-1.2	-1.0	-49.0
10/01/21 - 09/30/22	-40.2	0.4	32.2	-1.2	-1.2	-59.0
10/01/22 - 09/30/23	-32.6	0.2	33.5	-1.2	-1.3	-60.4
10/01/23 - 09/30/24	-25.0	0.1	33.7	-1.1	-1.1	-53.8
10/01/24 - 09/30/25	-18.4	0.1	38.4	-1.0	-1.0	-35.7
10/01/25 - 09/30/26	-13.1	0.0	39.2	0.0	-0.4	-10.0
10/01/26 - 09/30/27	-8.6	0.0	32.5	0.0	0.0	13.9
10/01/27 - 09/30/28	-5.9	0.0	0.0	0.0	0.2	8.2
10/01/28 - 09/30/29	-3.8	0.0	0.0	0.0	0.1	4.5
10/01/29 - 09/30/30	-2.0	0.0	0.0	0.0	0.1	2.6
10/01/30 - 09/30/31	-0.8	0.0	0.0	0.0	0.0	1.8
10/01/31 - 09/30/32	-0.1	0.0	0.0	0.0	0.0	1.7
Total	-861.6	21.5	547.6	-\$ 15.3		

WAT 4-Yr Univs 120 Hr Basis Auburn / Alabama	7,747
WAT 4-Yr Univs 120 Hr Basis NOT Auburn / Alabama	5,820
WAT Out-of-State and Private	6,776
WAT Junior Colleges	3,421

Cancellations after Matriculation year:  
2040

Tuition Increases

AA Rate	Non-AA	Junior CC	Private Rate
0.00%	0.00%	0.00%	0.00%



**Assuming All Matriculations starting  
after 2017 cancel immediately.**

**Appendix I**

Current Assets	312,501,886	PV of Tuition payments	1,055,946,729
PV of Contractholder payments	4,901,318		
PV of Education Trust Fund Payments	479,374,334	Surplus/ (Deficit)	-273,017,712
Administrative Expenses	-13,848,521	Funded Ratio	74.1%
Total Assets	782,929,017		

(\$ Millions)

Fiscal Year	Benefit Payments	Contract Holder Payments	Education Trust Fund Payments	Admin Expenses	Income	EOY Assets
10/01/12						\$ 312.5
10/01/12 - 09/30/13	-\$ 156.3	\$ 3.4	\$ 0.0	-\$ 1.2	\$ 2.1	160.5
10/01/13 - 09/30/14	-142.4	1.5	0.0	-1.2	0.9	19.3
10/01/14 - 09/30/15	-145.7	1.0	23.6	-1.2	-0.7	-103.7
10/01/15 - 09/30/16	-149.1	0.6	34.0	-1.2	-2.5	-221.9
10/01/16 - 09/30/17	-144.9	0.3	42.6	-1.2	-6.0	-331.1
10/01/17 - 09/30/18	-130.2	0.0	61.8	-1.2	-7.7	-408.4
10/01/18 - 09/30/19	-93.3	0.0	55.5	-1.2	-8.8	-456.2
10/01/19 - 09/30/20	-73.0	0.0	88.7	-1.2	-9.2	-450.9
10/01/20 - 09/30/21	-49.6	0.0	31.9	-1.2	-9.3	-479.1
10/01/21 - 09/30/22	-24.3	0.0	32.2	-1.2	-9.6	-482.0
10/01/22 - 09/30/23	0.0	0.0	33.5	-1.2	-9.4	-459.1
10/01/23 - 09/30/24	0.0	0.0	33.7	-1.1	-8.8	-435.3
10/01/24 - 09/30/25	0.0	0.0	38.4	-1.0	-8.3	-406.2
10/01/25 - 09/30/26	0.0	0.0	39.2	0.0	-7.7	-374.7
10/01/26 - 09/30/27	0.0	0.0	32.5	0.0	-7.2	-349.4
10/01/27 - 09/30/28	0.0	0.0	0.0	0.0	-7.0	-356.4
10/01/28 - 09/30/29	0.0	0.0	0.0	0.0	-7.1	-363.5
10/01/29 - 09/30/30	0.0	0.0	0.0	0.0	-7.3	-370.8
10/01/30 - 09/30/31	0.0	0.0	0.0	0.0	-7.4	-378.2
10/01/31 - 09/30/32	0.0	0.0	0.0	0.0	-7.6	-385.8
Total	-\$ 1,108.6	\$ 6.8	\$ 547.6	-\$ 15.3		

WAT 4-Yr Univs 120 Hr Basis Auburn / Alabam	8,936
WAT 4-Yr Univs 120 Hr Basis NOT Auburn / Al	7,113
WAT Out-of-State and Private	7,783
WAT Junior Colleges	3,518
Tuition Increases	

Cancellations after Matriculation year:  
2017

	AA Rate	Non-AA	Junior CC	Private Rate
1	10.00%	10.00%	5.00%	10.00%
2	9.00%	9.00%	5.00%	9.00%
3	8.00%	8.00%	5.00%	8.00%
4	8.00%	8.00%	5.00%	8.00%
5	8.00%	8.00%	5.00%	8.00%



**PACT Board Member Demographic Information**  
**(As of February 2013)**

Race: 13 Caucasian 2 African-American

Gender: 11 males 4 females

Urban or rural resident: 13 urban 2 rural

Employed: 15 - yes 0 - no

Highest education level completed: Bachelor's Degree: 3  
 Master's Degree: 6  
 Juris Doctorate: 1  
 Ph.D.: 4  
 Other\*: 1 *\*veterinary medicine*

2011 combined household income: 0-\$999: 0  
 \$1,000-\$9,999: 0  
 \$10,000-\$49,999: 0  
 \$50,000-\$149,999: 5  
 \$150,000-\$249,99: 8  
 \$250,000 or more: 2